

Introduction

The *2007-2008 Environmental Finance Program Report*, compiled by the U.S. Environmental Protection Agency (EPA)/Office of the Chief Financial Officer, reports on the work of the Environmental Finance Program, including the activities and initiatives of the Environmental Financial Advisory Board (EFAB) and the Environmental Finance Center (EFC) Network.

Both EFAB and the EFC Network provide unique services to the nation in terms of helping communities find ways to pay for environmental programs and creating incentives that promote environmental stewardship. Together, within the Environmental Finance Program, these entities seek to lower costs, increase investment, and build capacity by creating partnerships with state and local governments and the private sector to fund environmental needs.

EFAB is an independent advisory committee established to advise EPA on environmental financing challenges facing the nation. Chartered in 1989 and operating under the authority of the Federal Advisory Committee Act (FACA), it provides advice and recommendations to the EPA Administrator and program offices on environmental finance issues, options, proposals, and trends.

The board is composed of approximately 30 members appointed by the Agency's Deputy Administrator that represent federal, state, and local governments; the banking, finance, and legal communities; business and industry; academia; and nonprofit environmental organizations. It produces policy and technical reports on a wide range of environmental finance matters of interest to EPA, particularly with regard to the impact of these finance issues on local governments and small communities.

The **EFC Network**, composed of nine centers located throughout the nation, is the only university-based

organization in the country that provides innovative solutions to communities to help manage the cost of environmental protection. The network works with both the public and private sectors to promote a sustainable environment by addressing the difficult issue of how to pay. The network is supported by EPA's Environmental Finance Program in the Agency's Office of the Chief Financial Officer, as well as by additional funding from other federal, public, and private entities. The centers are located at the following universities:

- New England EFC at the University of Southern Maine
- Syracuse University EFC
- University of Maryland EFC
- University of North Carolina at Chapel Hill EFC
- University of Louisville EFC
- Great Lakes EFC at Cleveland State University
- EFC at the New Mexico Institute of Mining and Technology
- EFC at Dominican University of California
- EFC at Boise State University

The input of EFAB and the EFC Network provides state-of-the-art expertise in an area outside of EPA's core competency of developing and implementing environmental programs. In addition, while the EFCs provide services and advice directly to communities on how to finance environmental protection, they also advise EFAB about what works and what does not work from in-the-field experience. EFAB then combines the real-life scenarios of the EFCs with its members' professional experience and provides valuable guidance and advice to the Agency for moving forward in the future.

Highlights — Environmental Financial Advisory Board (EFAB)

EFAB provides expert advice to the EPA Administrator on environmental financing issues, options, proposals, and trends. In 2007-2008, the board issued reports to the Administrator, making recommendations to EPA's Office of Water; Office of Policy, Economics and Innovation; Office of Air and Radiation; Office of Solid Waste and Emergency Response; and Office of Enforcement and Compliance Assurance. The following is a list of the reports issued to the Administrator and the questions posed by EPA that each addressed:

Relative Benefits of Direct and Leveraged Loans in State Revolving Fund (SRF) Programs. To address national infrastructure needs, should EPA support the use of leveraging by clean water and drinking water state SRFs?

Public-Private Partnerships in Water and Wastewater Services. How could public-private partnerships help address wastewater and drinking water infrastructure needs over the next five to 10 years?

Environmental Management Systems and the Use of Corporate Environmental Information by the Financial Community. Which members of the financial and business communities have an interest in Environmental Management Systems? What are the current financial services industry beliefs, practices, conventions, and challenges regarding the consideration of environmental performance and systems?

Innovative Finance Programs for Air Pollution Reduction. Could innovative financing options help make the diesel truck retrofit kits developed by EPA's SmartWay Program more attractive?

Combined Sewer Overflows Financial Capability Guidance. Should EPA update and improve the 1997 document *Combined Sewer Overflows — Guidance for Financial Capability Assessment and Schedule Development*, given its age and importance?

The Use of Captive Insurance as a Financial Assurance Tool. How can EPA strengthen financial assurance mechanisms to help ensure that adequate resources will be available to address the environmental consequences of industrial and business activities?

Expanding the Definition of SRF Assistance. Could more funding for environmental projects be made available by allowing the Clean Water and Drinking Water SRFs to provide a new form of financial assistance that would not be yield restricted under Internal Revenue Service arbitrage regulations?

Sustainable Watershed Financing. How can EPA increase the capacity of local governments and groups to finance actions/projects needed to implement watershed plans?

EFAB Projects Coordinator

◆ **Timothy McProuty**
Phone: 202-564-4996
E-mail: mcprouty.timothy@epa.gov

Highlights — Environmental Finance Center (EFC) Network

The university-based EFCs deal with resource protection, pollution prevention, smart growth, green buildings, sustainability, and global climate change. While each of the EFCs has a slightly different focus and conducts slightly different initiatives to meet goals, they all participate in the same types of activities, described in the following sections.

TRAINING AND EDUCATION

Many of the EFCs provide outreach services by developing courses or workshops or otherwise educating communities and relevant stakeholders about financial issues. The **New England EFC at the University of Southern Maine**, for example, developed a three-day workshop series for citizen leaders with a curriculum of three eight-hour, highly interactive and experiential sessions about smart growth. The **Syracuse University EFC** organized

six Technical Assistance Partnership forums, with an average of 20 to 30 attendees, covering various water and wastewater technical topics. The **University of Maryland EFC** developed a curriculum on watershed financing by showcasing the strategies of six successful watershed organizations.

The **University of Louisville EFC** co-sponsored the “Sustainable City Workshop Series,” designed to raise local communities’ awareness of sustainable practices. With the ultimate goal of providing a catalyst to move Louisville, Kentucky, and the region toward a sustainable model for the nation, each forum in the ongoing series focuses on a different aspect of sustainable practice, including gardening and landscaping, architecture, banking, and planning and development.

The **EFC at the New Mexico Institute of Mining and Technology** developed and conducted a three-day training for tribal utility managers for the Indian Health Service. Topics covered by the training included asset management, capital planning and budgeting, utility rate setting, and integrating utility management with economic development.



To meet the needs of today’s environmental systems managers, the **Boise State University EFC** developed a convenient online training system called Training on Demand. The online conference workshops in environmental finance and management reduce the Boise State EFC’s carbon footprint and allow EFC clients to fit training into their demanding schedules.

DIRECT ASSISTANCE

Many EFCs work directly with and in communities to assist with specialized needs. For example, the **Syracuse University EFC** worked with Oswego County, New York, to help facilitate public input into a year-long process of evaluating alternative management and financing models for its integrated solid waste management system. The **University of Maryland EFC** provided technical assistance to Virginia’s Shenandoah Valley communities in developing financing strategies for natural resource protection, including stormwater management, rural land preservation, and greenway planning. This involved planning and completing three charettes, identifying pilot communities toward which to direct additional assistance, and assisting pilot communities in goal setting and finance strategy development.

In response to damages caused by Hurricane Katrina, the **University of North Carolina EFC** assisted in the redevelopment of water resources in Corinth, Mississippi. Specifically, the UNC EFC assessed the feasibility of replacing the Corinth Gas and Water Department’s groundwater source with a surface water source.

Recognizing the important work the Clean Ohio Revitalization Fund (CORF) does for large cities, the **Great Lakes EFC at Cleveland State University** is developing a strategy for bringing CORF to Ohio’s smaller communities, beginning with examining best practices in small community remediation, identifying small communities in need, and engaging these communities in a dialogue about environmental assessment.

To prevent drinking water contamination in the public water systems representing 30 Native American tribes, the **New Mexico EFC** provides technical assistance on compliance issues, tests for potential health and safety concerns, and assists water operators in conducting their own water quality tests.

The **EFC at Dominican University of California** is working with the Greener Dominican Task Force to develop a plan to green the Dominican University of California campus. Efforts will most likely include greening landscaping practices, improving recycling, reducing energy use, and adopting an environmental management system.

TOOLS

Most of the EFCs have created reports, Web sites, software, or other tools and products to disseminate financing information to communities and other relevant stakeholders. To help New England communities respond to the challenges of global climate change, for example, the **New England EFC** developed the first of several publications that address issues such as the Regional Greenhouse Gas Initiative, rises in sea level, and the changing socioeconomic uses of the New England coast. The **Syracuse EFC** distributes a listserv providing local government leaders and technical assistance providers a means to submit questions or disseminate information about water rates, water systems, wastewater treatment, finance programs, and technology.



The **Maryland EFC** published a white paper report featuring key recommendations for financing the implementation of the state's nutrient reduction commitments under the Chesapeake Bay 2000 Agreement. In addition, the Maryland EFC is part of a new EPA-led collaborative effort to facilitate source water protection nationwide, and is leading the effort to develop a Web-based source water protection financing clearinghouse. The clearinghouse will provide information on financing resource protection efforts and will incorporate an interactive calculator tool that will enable communities to assess the costs, benefits, and cost savings of a variety of source water protection strategies.

The **Boise State EFC** developed the Web-based Plan2Fund™-OPT (Objective Prioritization Tool) decision-making model, which helps stakeholders prioritize objectives in the implementation of strategic nonpoint pollution control and capital improvement plans. The Boise State EFC is also working on the development of a new user-friendly software tool known as the Financial Dashboard. The Dashboard is designed to give officials rapid feedback on the effect of their decisions on environmental facilities.

CONFERENCES

As part of their financial outreach efforts, most of the EFCs spent a considerable amount of time organizing, sponsoring, and attending conferences, workshops, and other large-venue functions. The **Syracuse EFC** co-sponsored two sustainability summits, each of which attracted more than 1,000 attendees. One of the conferences, the New York State Sustainability Summit/LinkCNY, covered topics such as green buildings, energy conservation, energy pricing, greening of schools, and technological innovations. The other, Accelerate 2007, successfully targeted teens and college students for volunteer work and attendance at the event.

In response to new septic regulations designed to improve regional septic operations and the surrounding environment, the **Maryland EFC** hosted a statewide forum to present and discuss creative financing solutions for low- and moderate-income septic system owners. Potential solutions included developing a septic utility district, developing low-interest loan programs, and expanding subsidy programs.

The **University of North Carolina EFC** provided major support to the Paying for Sustainable Water Infrastructure Conference, which attracted approximately 650 attendees. The EFC designed sessions and moderated events for the "State and Local Innovations" track.

The **Great Lakes EFC** hosted three Urban Redevelopment Forums in Ohio, attended by developers, environmental engineers, lawyers, public finance professionals, and others interested in sharing successful experiences in the remediation of environmentally contaminated properties.

OTHER

EFCs engaged in a variety of other activities as well. The **New England EFC** began chairing and staffing the governor's new initiative to protect Maine's quality of place. The **Syracuse EFC** helped form, and currently co-facilitates, the Creative Core GreenTeam, a task force put together to promote and encourage sustainable and smart economic growth. The group represents business, government, economic development, academic, and non-profit leaders throughout the region. Current GreenTeam efforts include a study to assess regional industry, an inventory of regional clean/green tech assets, and the promotion of four targeted sites for development clean and renewable energy centers.

The EFC at **Dominican University of California** serves as a member of the California Healthy Nail Salon Collaborative, exploring opportunities for source reduction, pollution prevention, and energy conservation in nail salons. The EFC is working with the collaborative to develop a Healthy Hair Show to showcase environmentally friendly, healthier approaches to African American hair care, as well as nail and other personal care.

EFC Network Coordinator

◆ **Vera Hannigan**
Phone: 202-564-5001
E-mail: hannigan.vera@epa.gov